

This Appendix contains a summary of our Articles of Association with the primary purpose of providing an overview of the Articles of Association to potential investors. Since the following information herein is in summary form, it is impossible for it to contain any and all information that may be important to potential investors.

The Articles of Association and the amendments thereto are adopted or approved by shareholders at the General Meetings in accordance with applicable laws and regulations (including the Company Law of the PRC, the Securities Law of the PRC, the Special Provisions of the State Council on Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the P.R.C, the Mandatory Provisions of Articles of Association of Companies Seeking a Listing Outside the PRC, the Guidelines on the Articles of Association of Listed Companies, and Hong Kong Listing Rules) and will take effect on the Listing Date.

Shares

The Company's shares shall take the form of stock. The Company shall set up ordinary shares at any time. The ordinary shares issued by the Company include domestic shares and foreign shares. The Company may, subject to the needs of the company approval authorities authorized by the State Council, set up other types of shares such as preferential shares in accordance with relevant laws and administrative regulations. Under appropriate circumstances, it will be ensured that preferred shareholders receive sufficient voting rights.

With the approval of the securities regulatory authority under the State Council, the Company may issue shares to Domestic Investors and Overseas Investors.

The Overseas Investors referred to in the preceding paragraph shall mean investors from any foreign country or from Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; Domestic Investors refer to investors within the territory of the People's Republic of China other than the aforementioned regions.

Increase and Decrease in Shares and Repurchase

The Company may, upon resolution made by a Shareholders' General Meeting, adopt the following methods to increase its capital according to the needs of operation and development and pursuant to the provisions of laws and regulations:

- (1) Public issue of shares;
- (2) Private Offering of shares;
- (3) Placement of new shares to existing shareholders;
- (4) Issue of bonus shares to existing shareholders;
- (5) Conversion of capital reserves into share capital;
- (6) Any other methods stipulated by laws and administrative regulations and approved by China Securities Regulatory Commission.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant laws, administrative regulations, departmental rules and

the listing rules of the place where the shares of the Company are listed after having been approved in accordance with the provisions of the Articles of Association and the listing rules of the place where the shares of the Company are listed.

The Company may reduce its registered capital. The Company's reduction of registered capital shall be handled pursuant to the Company Law and other relevant provisions and the procedures stipulated in the Articles of Association.

The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association and subject to the approval of the relevant competent authorities of the PRC, repurchase its outstanding shares under the following circumstances:

- (1) Reduction of the Company's registered capital;
- (2) Merge with other companies that hold shares of the Company;
- (3) Utilization of shares for employee stock ownership plan or as equity incentives;
- (4) A shareholder objecting to the resolution on the Company's merger or division passed by the Shareholders' General Meeting requests that the Company buy back his shares;
- (5) Utilization of shares for conversion of corporate bonds issued by the listed company convertible into its shares;
- (6) Necessary for the listed company to safeguard its value and shareholders' rights and interests;
- (7) Other circumstances permitted by laws and administrative regulations.

Except for the above, the Company shall not purchase its own shares.

The Company may choose one of the following ways to purchase its own shares:

- (1) Making a repurchase offer to all shareholders in the same proportion;
- (2) Repurchasing by public trading on a stock exchange;
- (3) Repurchasing by agreement outside the stock exchange;
- (4) Other circumstances as permitted by laws, administrative regulations and relevant competent authorities.

Transfer of Shares

All H shares that have been paid up in the share capital are freely transferable under the Articles of Association; however, the Board of Directors may refuse to recognize any transfer instrument without claiming any reason unless the following conditions are met:

- (1) The transfer instrument and other documents relating to the ownership of any shares or affecting the ownership of the shares shall be registered and shall be paid to the Company in accordance with the fee standards stipulated in the Hong Kong Listing Rules, but such fees shall not exceed the maximum fee as set out by Hong Kong Stock Exchange from time to time in the Hong Kong Listing Rules;
- (2) The transfer instrument only covers H shares listed in Hong Kong;

- (3) The stamp duty payable of the transfer instrument has been paid;
- (4) Relevant share certificates and other evidence reasonably required by the Board of Directors certifying that the transferors have the right to transfer such shares have been submitted;
- (5) If the shares are intended to be transferred to joint holders, the number of registered joint shareholders shall not exceed four;
- (6) There is no lien of the Company attached to the relevant shares.

The Company shall not accept its shares as the subject matter of pledge rights.

The Company or its subsidiaries shall not, at any time, provide any financial assistance to anyone who purchases or intends to purchase shares of the Company in any way. The aforementioned persons who purchase shares of the Company include those who directly or indirectly assume obligations due to the purchase of shares of the Company.

Neither the Company nor its subsidiaries shall, at any time, provide financial assistance in any way to reduce or relieve the obligations of the aforementioned obligors.

The provisions of this Article shall not apply to the circumstances described in Article 41 of the Articles of Association.

The foregoing financial assistance includes, but is not limited to, the following forms:

- (1) Grants;
- (2) Guarantees (including assuming liability or providing property by the guarantor to ensure that the obligor fulfills the obligation), compensation (but does not include compensation caused by the Company's own fault), the relinquishment or waiver of rights;
- (3) Providing a loan or entering into a contract for the Company to perform its obligations prior to the other party, as well as the change of the parties to the loan or the contract, and the transfer of the rights in the loan or the contract, etc.;
- (4) Financial assistance provided by the Company in any other way in the event that the Company is unable to repay its debts, has no net assets or will result in a substantial reduction in net assets.

The foregoing obligations include the obligations that shall be undertaken by the obligor due to entering into a contract or making arrangements (no matter whether the contract or arrangement is enforceable, whether the contract or arrangement shall be undertaken by the obligor alone or jointly with any other person) or changing its financial situation in any other way.

The following actions shall not be deemed as foregoing prohibited financial assistance by the Company or its subsidiaries:

- (1) The relevant financial assistances provided by the Company which is honestly for the benefit of the Company, and the main purpose of which is not to purchase shares of the Company, or which is an attachment part of a master plan of the Company;
- (2) Distribution of the Company's property as a dividend pursuant to law;
- (3) Distribution of dividends in the form of shares;

- (4) Reduction of registered capital, buyback shares, and adjustment of the shareholding structure, etc., in accordance with the Articles of Association;
- (5) The Company provides loans for its normal business activities within its business scope (but this shall not result in a decrease in the Company's net assets, or even if it constitutes a decrease, the financial assistance is paid out of the Company's distributable profits);
- (6) The Company provides funds for the Employee Stock Ownership Plan (but this shall not result in a decrease in the Company's net assets, or even if it constitutes a decrease, the financial assistance is paid out of the Company's distributable profits).

Stock and Register of Shareholders

The Company's stocks are registered.

Matters that shall be stated in the Company's stock shall include, in addition to the provisions stipulated in the Company Law, other matters required by the stock exchange where the Company is listed.

The Company may issue overseas listed foreign shares in the form of overseas depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and deposit of securities in the place where the shares of the Company are listed.

The Company shall maintain a Register of Shareholders to register the following items:

- (1) the name, address (residence), occupation or nature of each shareholder;
- (2) the types and quantities of shares held by each shareholder;
- (3) the amount paid or payable with respect to the shares held by each shareholder;
- (4) the number of shares held by each shareholder;
- (5) the date on which each shareholder is registered as a shareholder;
- (6) the date on which each shareholder ceases to be a shareholder.

The Register of Shareholders shall be the sufficient evidence to prove that the shareholder holds the shares of the Company; except where there is any evidence to the contrary.

Subject to the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name of the transferee of the shares shall be included in the Register of Shareholders as the holder of such shares.

The assignment and transfer of shares must be registered in the Register of Shareholders.

The Company may, according to the understanding and agreement reached by the securities competent authority of the State Council and the overseas securities regulatory agency, deposit the register of overseas listed foreign shareholders abroad and entrust an overseas agency to manage it. The original copy of register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall keep a copy of the Register of Shareholders of overseas listed foreign shares in the domicile of the Company; the entrusted overseas agency shall at any time ensure the consistency of the original and duplicate copies of the Register of Shareholders of overseas listed foreign shares.

In case of any discrepancy between the original and duplicate copies, the original copy shall prevail.

Within thirty (30) days prior to the Shareholders' General Meeting, or within five (5) days before the date of the Company's decision to distribute dividends, the registration of changes in the Register of Shareholders due to the transfer of shares shall not be carried out.

Where the relevant laws and regulations of the place where the shares of the Company are listed contain provisions on the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

When the Company convenes a Shareholders' General Meeting, distributes dividends, liquidates and engages in other acts that need to confirm the shareholding of shareholders, the Board of Directors or the convener of the Shareholders' General Meeting shall determine the Date of Record, and the shareholders registered by the end of the Date of Record shall be the shareholders of the Company.

Anyone who has objection to the register of shareholders and requests that his or her name be registered on or removed from the Register of Shareholders, may apply to the court of competent jurisdiction to correct the Register of Shareholders.

In the event of paperless issuance of and trading in the shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchanges of the places where the shares of the Company are listed shall apply.

Shareholders and Shareholders' General Meetings

Shareholders

A shareholder of the Company is a person who legally holds shares of the Company and whose name is registered on the Register of Shareholders.

Shareholders shall enjoy rights and assume obligations depending on the types and percentages of shares they hold; shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The ordinary shareholders of the Company shall enjoy the following rights:

- (1) Obtain dividends and other forms of distribution of gains based on the number of shares held by them;
- (2) Request, convene, preside over, participate in or appoint an agent of the shareholders to attend Shareholders' General Meetings and exercise the corresponding voting rights according to laws;
- (3) Supervise the operation of the Company, propose recommendations or present inquiries;
- (4) Transfer, donate or pledge the shares held by him or her in accordance with the provisions of laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed and the Articles of Association;

- (5) Obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. Obtaining a copy of the Articles of Association subject to payment of cost and expense;
 2. Having the right to access and copy the following items after paying a reasonable fee:
 - (1) A copy of the register of all shareholders;
 - (2) Personal data of the Company's directors, supervisors, president (general manager) and other senior officers, including:
 - (a) Current and previous names and aliases;
 - (b) Primary address (residence);
 - (c) Nationality;
 - (d) Full-time and all other part-time occupations and positions;
 - (e) Identification documents and their numbers.
 - (3) A report on the status of the issued share capital of the Company;
 - (4) The total face value, quantity, maximum and minimum repurchase price of each category of its own shares repurchased by the Company ever since the previous fiscal year, and the report of the Company's full payment for this purpose (subdivided as domestic shares and H-shares);
 - (5) Counterfoils of corporate bonds;
 - (6) Minutes of the Shareholders' General Meetings (for shareholders' reference only) and copies of special resolutions of the Company, resolutions of the Board of Directors and the Board of Supervisors;
 - (7) The latest audited financial statements of the Company, the reports issued by the Board of Directors, the accounting firm and the Board of Supervisors;
 - (8) A copy of the latest annual report submitted to the Chinese industry and commerce administration or other competent authority for filing;

The Company must place the above documents in items (1) to (8) except (2) and any other applicable documents at the Company's Hong Kong address as required by the Hong Kong Listing Rules for inspection by the public and shareholders free of charge (except for the minutes of the Shareholders' Meeting, which are only available to shareholders). The shareholders of the Company may also access to the resolutions of the Board of Directors and the Board of Supervisors of the Company.

- (6) Participate in the distribution of the Company's remaining assets according to the shares it holds when the Company terminates or liquidates;
- (7) Shareholders who object to resolutions on the merger and division of the Company made at the Shareholders' General Meetings may request the Company to buy back its shares;
- (8) For independent directors who do not have the qualifications or abilities of independent directors, fail to perform their duties independently or fail to safeguard the legitimate rights and interests of the Company and minority shareholders, shareholders who

individually or collectively hold 1% or more of the Company's shares may submit proposal to the Board of Directors of the Company to question or recall such independent directors.

- (9) Other rights as stipulated in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The Articles of Association, resolutions of the Shareholders' General Meetings or resolutions of the Board meetings shall be in compliance with relevant laws and regulations, and shall not deprive or restrict any legal rights of shareholders. The Company shall protect shareholders' rights according to law and pay attention to protecting the legitimate rights and interests of minority shareholders.

Where a shareholder requests to inspect the relevant information or obtain information mentioned in the preceding article, it shall provide the Company with a written document proving the class and quantity of his or her shares. The Company shall provide such information after verifying the shareholder's identity as required.

The ordinary shareholders of the Company shall undertake the following obligations:

- (1) Comply with laws, administrative regulations and the Articles of Association;
- (2) Make payment for shares subscribed pursuant to the equity participation method;
- (3) Shall not divest except for the circumstances stipulated by laws and regulations;
- (4) Shall not abuse the rights of shareholders to harm the interests of the Company or other shareholders; shall not abuse the independent status of the Company's legal person and the limited liability of the shareholders to damage the interests of the Company's creditors;
- (5) Other obligations stipulated in the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

Shareholders of the Company may publicly solicit other shareholders' rights to convene, propose, nominate, and vote on the Shareholders' General Meetings, however, such solicitation shall not be conducted in a paid or disguised paid form.

If any shareholder abuses his or her shareholder rights to cause losses to the Company or other shareholders, it shall be liable for compensation according to law.

If any shareholder abuses the independent status of the Company's legal person and the limited liability of the shareholders to evade debt, and seriously damages the interests of the Company's creditors, it shall bear joint and several liabilities towards the Company's debts.

Shareholders shall not be liable for the subsequent addition of any share capital other than the conditions agreed by the subscribers of the shares at the time of subscription.

General provisions on Shareholders' General Meetings

The Shareholders' General Meeting shall be the power organ of the Company and shall exercise the following functions and powers pursuant to the law:

- (1) Decide on the business policies and investment plans of the Company;

- (2) Elect and replace directors and supervisors who are not employee representatives, and determine the remuneration of such directors and supervisors;
- (3) Review and approve reports of the Board of Directors;
- (4) Review and approve reports of the Board of Supervisors;
- (5) Review and approve the Company's annual financial budget plan and final account plan;
- (6) Review and approve the Company's profit distribution plan and loss recovery plan;
- (7) Adopt resolutions on the Company's increase or decrease of registered capital;
- (8) Adopt resolutions on the issuance of corporate bonds and other securities and listing;
- (9) Adopt resolutions on the merger, division, dissolution, liquidation or change of company form;
- (10) Amend the Articles of Association;
- (11) Adopt resolutions on the appointment or removal of the accounting firm;
- (12) Review and approve the related transactions with related parties in which the Company intends to enter into, the amount of which is more than RMB30 million, and is more than 5% of the Company's audited net assets of the latest period (except for the Company's external guarantee and received cash assets);
- (13) Review and approve the matters of purchase and sale of major assets within the preceding 12 consecutive months which reaches 30% of the Company's audited total assets of the latest period;
- (14) Review and approve the matters of purchase, sale or replacement of major asset restructuring as stipulated in laws and regulations or normative documents other than item (13) of this Article;
- (15) Review and approve the major transactions of which the accumulated amount meets the following standards within one year (excluding cash grants, etc.):
 1. The total assets involved in the transaction account with the amount more than 50% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;
 2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts with the amount more than 50% of the Company's audited operating income in the most recent fiscal year and the absolute amount more than RMB50 million;
 3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts with the amount more than 50% of the Company's audited net profit in the most recent fiscal year and the absolute amount more than RMB5 million;
 4. The transaction amount (including commitment debts and expenses) accounts for more than 50% of audited net assets of the Company of the latest period with the absolute amount of more than RMB50 million;

5. The profit generated by the transaction accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year with the absolute amount of more than RMB5 million.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

- (16) Consider and approve securities investments and derivatives transactions under the following circumstances:
 1. Securities investments (including new share placing or subscription, securities repurchase, investments in stocks and depositary receipts, bond investment, entrusted wealth management and other investment behaviors recognized by Shenzhen Stock Exchange. Entrusted wealth management refers to the listed company's engagement of banks, trusts, securities, funds, futures, insurance asset management institutions, financial asset investment companies, private fund managers and other professional financial institutions to invest with and manage its assets or purchase the relevant wealth management products) with total amount more than 50% of the Company's audited net assets of the latest period and the absolute amount more than RMB50 million;
 2. The Company's derivative transactions beyond the scope of authority of the Board and not for hedging purposes;
 3. Related party derivative transactions between the listed company and its related parties.
- (17) Review and approve the guarantees stipulated in Article 66 of the Articles of Association;
- (18) Review and approve the matters of changes of the use of raised funds;
- (19) Review the equity incentive plan;
- (20) Review and approve the transactions and investments of financial derivatives of the Company and its holding subsidiaries that exceed 15% (including 15%) of the latest audited total assets and with the amount of more than RMB1 billion (including RMB1 billion) (excluding foreign exchange hedging operations) and foreign exchange hedging operations whose amount account for more than 30% (including 30%) of the latest audited total assets of the Company;
- (21) Consider and approve the provision of financial assistance under the following circumstances:
 1. The most recent audited gearing ratio of the assistance recipient exceeds 70%;
 2. The amount of any single financial assistance or total amount of financial assistance provided in the preceding 12 consecutive months exceeds 10% of the Company's audited net assets of the latest period;
 3. Other circumstances stipulated by the Shenzhen Stock Exchange.
- (22) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (1) and (2) of Article 27 of the Articles of Association;
- (23) Consider proposals of shareholders who individually or jointly hold 3% or more of the voting shares of the Company;

- (24) Other matters that shall be decided by the Shareholders' General Meetings as required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The following external guarantees of the Company shall be submitted to the Shareholders' General Meetings for review and approval after having been reviewed and approved by the Board of Directors.

- (1) Any single guarantee with guarantee amount exceeding 10% of the Company's audited net assets of the latest period;
- (2) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its subsidiaries has reached or exceeded 50% of the Company's audited net assets of the latest period;
- (3) Any guarantee to be provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the Company's audited total assets of the latest period;
- (4) Any guarantee to be provided for a party with a gearing ratio of over 70%;
- (5) Any guarantee with total guarantee amount for the preceding 12 consecutive months exceeding 30% of the Company's audited total assets of the latest period;
- (6) Any guarantee with total guarantee amount for the preceding 12 consecutive months exceeding 50% of the Company's audited net assets of the latest period and absolute amount exceeding RMB50 million;
- (7) Any guarantee to be provided for the Company's shareholders, actual controllers and related parties thereof;
- (8) Other guarantees stipulated in the relevant laws, administrative regulations, departmental rules, normative documents or the listing rules of the place where the shares of the Company are listed.

When the Shareholders' General Meetings considers the guarantee item (5) of the preceding paragraph, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the Shareholders' General Meetings considers the proposals on providing guarantee for the shareholders, the actual controller and its related parties, such shareholders or the shareholders who are under the control of the actual controller shall not participate in such voting. Such voting shall be passed by more than half of the voting rights held by other shareholders attending the Shareholders' General Meetings.

In any of the following circumstances, the Board of Directors of the Company shall convene an extraordinary general meeting within two months from the occurrence date of the fact:

- (1) When the number of directors falls short of the statutory minimum number required by the Company Law or is less than 2/3 of the total number of directors of the Company as stipulated in the Articles of Association;
- (2) When the Company's unrecovered losses reach 1/3 of the total paid-up share capital;

- (3) When the shareholders who hold 10% or more of the shares with voting rights issued by the Company, individually or in aggregate, request in writing to convene an extraordinary general meeting;
- (4) When the Board of Directors deems it necessary;
- (5) When the Board of Supervisors proposes to convene;
- (6) When the independent director proposes to convene;
- (7) Other circumstances as stipulated in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The number of shares as described in the above item (3) shall be calculated according to the written requirement proposed by the shareholder.

Convening of Shareholders' General Meetings

Independent directors shall have the right to propose to the Board of Directors on convening of an extraordinary general meeting. Where an independent director calls an extraordinary general meeting, the Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and the Articles of Association. Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of a board resolution; where the Board of Directors does not give consent to convening of an extraordinary general meeting, it shall state the reason and make an announcement.

The Board of Supervisors shall have the right to propose to the Board of Directors on convening of an extraordinary general meeting, and shall do so in writing. The Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and Articles of Association. Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of the board resolution; the consent of the Board of Supervisors shall be obtained for any change to the original requisition in the notice. Where the Board of Directors does not give consent to convening of an extraordinary general meeting, or does not issue feedback within 10 days from receipt of the requisition, the Board of Directors shall be deemed as unable to perform or failed to perform the duties of convening of a Shareholders' General Meeting, and the Board of Supervisors may proceed to convene and chair an extraordinary general meeting.

Where the shareholders call an extraordinary general meeting or a separate meeting of classes of shareholders, they shall proceed in accordance with the following procedures:

- (1) Two or more holders of shares who hold 10% or more of the Company's shares with voting rights individually or in aggregate on the proposed meeting may sign one or more writing proposals in the same format, propose the Board of Directors to convene an extraordinary general meeting or a separate meeting of classes of shareholders, as well as illustrate the topics of the meeting. The number of shares as described in the above paragraph shall be calculated according to the written requirement proposed by the

shareholder. The Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting or other separate meeting of classes of shareholders within 10 days from receipt of the above-stated writing proposals, pursuant to the provisions of laws, administrative regulations and the Articles of Association.

- (2) Where the Board of Directors gives consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, a notice on convening of the extraordinary general meeting or a separate meeting of classes of shareholders shall be issued within 5 days from passing of the board resolution; the consent of the holders shall be obtained for any change to the original requisition in the notice, unless otherwise specified in laws, regulations, the Articles of Association, or relevant rules issued by the securities regulatory institution where the shares of the Company are listed, such provisions shall prevail.
- (3) Where the Board of Directors does not give consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, or does not issue a feedback within 10 days from receipt of the requisition, holders of shares who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the Board of Supervisors on convening of an extraordinary general meeting or a separate meeting of classes of shareholders, and shall do so in writing.

Where the Board of Supervisors gives consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, a notice on convening of the extraordinary general meeting or a separate meeting of classes of shareholders shall be issued within 5 days from receiving the requisition; the consent of the holders shall be obtained for any change to the original proposal in the notice.

Where the Board of Supervisors does not issue a notice of a shareholders' general meeting or a separate meeting of classes of shareholders within the stipulated period, the Board of Supervisors shall be deemed as not convening and chairing the shareholders' general meeting or separate meeting of classes of shareholders, and holders of shares who hold 10% or more of the Company's shares individually or in aggregate for 90 or more consecutive days may proceed to convene and chair the meeting on their own initiative.

Where the Board of Supervisors or the shareholders proceed(s) to convene a general meeting, the Board of Directors shall be notified in writing, and records shall be filed with the CSRC branch at the location of the Company and the stock exchange.

Prior to announcement of resolutions passed by the shareholders' general meeting, the shareholding percentage of the convening shareholders (holders of ordinary shares and preferential shareholders with restored voting rights) shall not be less than 10%.

The convening shareholders shall submit the relevant proof materials to the CSRC branch at the location of the Company and the stock exchange at the time of issuance of notice of the general meeting and announcement of resolutions passed by the general meeting.

For the shareholders' meetings convened by the Board of Supervisors or shareholders themselves, the Board of Directors and the board secretary shall cooperate, provide necessary support

and fulfill the obligation of information disclosure in a timely manner. The Board of Directors shall provide the register of members as at the date of record. Where the Board of Directors fails to provide the register of members, the convener may apply to the securities depository and clearing institution to obtain such register of members with the announcement on convening the general meeting. The register of members obtained by the convener shall not be used for any purpose other than convening a general meeting.

Where the Board of Supervisors or the shareholders proceed(s) to convene a general meeting, the necessary expenses shall be borne by the Company.

Motions and Notices of Shareholders' General Meeting

When the Company convenes a Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, as well as shareholders who hold 3% or more of the Company's shares individually or in aggregate, shall have the right to propose motions.

Holders of ordinary shares who hold 3% or more of the Company's shares individually or in aggregate may propose provisional motions 10 days before convening of a Shareholders' General Meeting and submit them in writing to the convener. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal, and announce the contents of the provisional motions.

Except for circumstances stipulated in the preceding paragraph, upon announcement of the notice of Shareholders' General Meeting, the convener shall not amend the motions set out in the notice of Shareholders' General Meeting or insert new motions.

The Shareholders' General Meetings shall not vote on or pass the resolutions which are not specified in the notice convening the general meetings or not meeting the provisions of Article 76 of the Articles of Association.

The convener shall inform each shareholder of the annual general meeting by way of announcement 20 days before the meeting, and shall inform each shareholder of the extraordinary general meeting by way of announcement 15 days before the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

After issuance of the notice for general meeting, the general meeting shall not be postponed or canceled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall give a notice stating reasons at least 2 business before the original meeting date.

The Proceeding of Shareholders' General Meetings

All shareholders in the register as at the date of share record or their proxies shall have the right to attend a Shareholders' General Meeting, and exercise voting rights pursuant to the relevant laws, regulations and the Articles of Association.

A shareholder may attend and vote at the Shareholders' General Meeting in person or by proxy.

A shareholder's appointment of a proxy shall be in writing. The instrument appointing a proxy shall be signed by the appointing shareholder or its representative authorized in writing; where the appointing shareholder is a legal person, the common seal of the legal person or the signature of its director/authorized official shall be affixed. The instrument appointing a proxy issued by a shareholder shall include the following information:

- (1) Name of the proxy and the number of shares the proxy represents;
- (2) Whether the shareholder has voting rights;
- (3) The instructions on voting for, against or abstention of voting for each agenda item of the Shareholders' General Meeting;
- (4) Date of issuance of the proxy form and the validity period;
- (5) Signature (or affixation of seal) by the entrusting party or the agent entrusted by him in writing. Where the entrusting party is a corporate shareholder, the seal of the corporate shareholder shall be affixed or the signature of the director or officially authorized entrusting proxy shall be signed.

The proxy form of voting right shall be kept at the Company's premises or any other premises designated in the notice of meeting 24 hours before the meeting of relevant issues proposed on the proxy form is convened or 24 hours before the appointed time for voting. Where a proxy form for a voting proxy is signed by a person authorized by the entrusting party, the proxy form or any other authorization document shall be notarized. The notarized proxy form or any other authorization document and the proxy form for a voting proxy shall be kept at the Company's premises or any other premises designated in the notice of meeting.

Where the entrusting party is a legal person, its legal representative or Board of Directors or the person authorized by any other decision-making organ shall represent the legal person to attend the Shareholders' General Meeting.

The Shareholders' General Meeting shall be convened by the Board and presided over and chaired by the Chairman of the Board. Where the Chairman of the Board is unable to attend the Shareholders' General Meeting, the deputy Chairman shall preside over and chair the Shareholders' General Meeting; where the Chairman and deputy Chairman are unable to attend the Shareholders' General Meeting, the Chairman may appoint one of the directors of the Company to act on his behalf; where the chairman of meeting is not appointed, shareholders who attend the meeting may elect one of their number as the chairman of meeting; where the shareholders are unable to elect a chairman of meeting due to any reason, the shareholder holding the largest number of voting shares present at the meeting (in person or by proxy) shall serve as the chairman of the meeting.

The Chairman of the Board of Supervisors shall chair a Shareholders' General Meeting convened by the Board of Supervisors. Where the Chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor nominated by more than half of the supervisors shall chair the meeting.

In the case of a Shareholders' General Meeting convened by shareholders, the convenor shall recommend a representative to preside over the meeting.

Where the chairman of the meeting violates the rules of procedure and as a result thereof, the Shareholders' General Meeting is unable to continue, upon consent of the shareholders holding more

than half of voting rights and present at the Shareholders' General Meeting, the Shareholders' General Meeting may elect a person to chair the meeting so that the meeting may continue.

At an annual general meeting, the Board of Directors and the Board of Supervisors shall report to the Shareholders' General Meeting on the work done in the past year. And each independent director shall submit his work report.

Voting and Resolutions at Shareholders' General Meetings

Resolutions of a Shareholders' General Meeting shall comprise ordinary resolutions and special resolutions.

An ordinary resolution of a Shareholders' General Meeting shall be passed by votes representing more than 1/2 of voting rights of shareholders who are present at the Shareholders' General Meeting (including their proxy).

A special resolution of a Shareholders' General Meeting shall be passed by votes representing more than 2/3 of voting rights of shareholders who are present at the Shareholders' General Meeting (including their proxy).

The following matters shall be passed as ordinary resolutions of a Shareholders' General Meeting:

- (1) Work reports of the Board of Directors and the Board of Supervisors;
- (2) Profit distribution plan and loss offset plan formulated by the Board of Directors;
- (3) Appointment and removal of members of the Board of Directors and the Board of Supervisors and their remuneration and payment method;
- (4) The Company's annual budget, final accounts, balance sheet, profit statement and other financial reports;
- (5) The Company's annual report;
- (6) Appointment and dismissal of accounting firm;
- (7) Related party transactions of the Company, of which amount is over RMB30 million and accounts for more than 5% of the absolute value of latest audited net asset of the Company;
- (8) Matters stipulated in items (15) and (16) of Article 65 of the Articles of Association;
- (9) Guarantees stipulated in Article 66 of the Articles of Association (except item (4));
- (10) Changes in the investment projects funded by the capital raised;
- (11) Any other matters other than those required to be adopted as special resolutions by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be passed as special resolutions of a Shareholders' General Meeting:

- (1) The Company's increase or decreases in registered capital, issue of any kind of stocks, warrant or any other similar securities;

- (2) Issuance of corporate bonds;
- (3) Division, merger, dissolution and liquidation of the Company;
- (4) Amendments to the Articles of Association;
- (5) Issues stipulated in items (13) and (14) of Article 65 of the Articles of Association;
- (6) Share option incentive plan;
- (7) Any other matters stipulated by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association, or those which have a significant impact on the Company if to be passed by an ordinary resolution of a Shareholders' General Meeting and which are deemed necessary to be passed as a special resolution.

Shareholders (including their proxy) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Where material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the Shareholders' General Meeting.

The Board of Directors, independent directors, shareholders holding 1% or more of voting shares, or investor sponsors established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council may act as solicitors, or entrust securities companies and securities service agencies, to publicly request the Company's shareholders to entrust it to attend the general meeting and exercise shareholder's rights such as the right to propose and vote.

In the case of soliciting shareholders' rights in accordance with the preceding paragraph, the solicitor shall disclose the solicitation documents and the Company shall provide assistance.

Solicitation of voting rights of shareholders in the form of compensation or disguised compensation shall be prohibited. The Company and the convener of the Shareholders' General Meeting shall not set minimum shareholding percentage restricted for solicitation of voting rights.

Where a related party transaction is considered at a general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the general meeting shall fully disclose the voting of the non-interested shareholders.

The abstaining and voting procedures for interested shareholders in considering related party transactions are as follows:

- (1) Where a shareholder is interested in a matter to be considered at a general meeting, such shareholder shall disclose his interest in the matter to the Board of Directors before the holding of the general meeting;

- (2) In considering related party transactions at a general meeting, the chairman of the meeting shall identify the interested shareholder(s) and explain the interests of the interested shareholder(s) in the related party transactions;
- (3) The chairman of the meeting shall announce that the interested shareholder(s) shall abstain from voting and that the non-interested shareholder(s) shall consider and vote on the related party transactions;
- (4) A resolution on related party transactions shall be passed by more than half of the voting shares of non-interested shareholders present at the meeting. Where the transaction falls within the scope of special resolution, it shall be passed by more than 2/3 of the voting shares of non-interested shareholders present at the meeting;
- (5) Where the interested shareholder(s) fail(s) to disclose the interest or to abstain from voting in accordance with the foregoing procedures, the resolutions on such related party transactions shall be invalid.

Special voting procedure for class shareholders

Shareholders with different kinds of shares are class shareholders.

Class shareholders enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a general meeting and by the affected class shareholders at a separate general meeting convened in accordance with Articles 131 to 135 of the Articles of Association.

The following circumstances shall be regarded as alteration or abolishment of rights of some class shareholders;

- (1) Increase or reduce the number of the classes of shares, or increase or decrease the number of classes of shares having voting rights, distribution of power and other special rights equal or superior to the shares of such classes;
- (2) Change all or some of the classes of shares to other kinds of shares, or change all or some of the other classes of shares to these classes of shares or grant change right of these classes shares;
- (3) Cancel or reduce right of obtained and existing dividend or accumulated dividend of these classes of shares;
- (4) Reduce or cancel rights of these classes of shares to obtain preference dividends or to obtain preference fortune allocation in Company liquidation;
- (5) Increase, cancel or reduce rights of these classes of shares with respect to the conversion right, selection right, voting right, transfer right, preferred allotment right and the right to obtain Company's securities.
- (6) Cancel or reduce right of these classes of share to charge payable payment of the Company with special currency.
- (7) Set up new classes of shares that have the equivalent or more voting right, distribution of power and other special rights as they have;

- (8) Restrict transfer right or ownership of these classes of shares, or increase such restrict;
- (9) Right to issue these classes of shares or subscription right or share transfer right of the other classes of shares;
- (10) Increase right and special right of other classes of shares;
- (11) Company reorganization plan requires different class shareholders to bear with responsibilities without following proportions in the reorganization;
- (12) Revise or abolish clauses as regulated in this section.

Whatever the class shareholders that suffer from influence aroused by the above articles have voting right or not, they shall have voting rights on matters involved in items (2) to (8), (11) to (12) of Article 130. However, the interested shareholders shall not have voting rights on the separate meeting of classes of shareholders.

Definitions on the interested shareholders as described in the above clauses are as follows:

- (1) Where the Company sends repurchase offer to all shareholders in accordance with Article 28 of the Articles of Association according to the same proportion or the Company repurchases its shares with open transaction in the stock exchange, the “interested shareholder” refers to a controlling shareholder as defined in the Articles of Association;
- (2) Where the Company repurchases its shares according to protocol except for transaction at the stock exchange as regulated in Article 28 of the Articles of Association, the “interested shareholder” refers to a shareholder related to this protocol;
- (3) In the reorganization plan of Company, the “interested shareholder” refers to a shareholder who bear responsibilities lower than those of other shareholders of these classes of shares, or other shareholders who have different interests from the one of shareholders in these classes of shares.

Resolution of class shareholders’ meeting shall be adopted only by more than 2/3 of the voting shares present at the class shareholders’ meeting as per Article 131.

The following circumstances do not apply to the special procedure for voting of class shareholders:

- (1) Where the Company shall issue domestic shares and overseas listed foreign shares every 12 months respectively or at the same time as a special resolution approved on the Shareholders’ General Meeting, and the number of domestic shares and overseas listed foreign shares to be issued shall not exceed 20% of the issued ones respectively;
- (2) Where the Company’s plan for issuing domestic shares and overseas listed foreign shares upon establishment has been completed within 15 months after the plan has been approved by securities regulatory institution of the State Council;
- (3) Where shareholders of domestic shares of the Company transfer their shares to the foreign investors and listed on the foreign stock exchange as approved by securities regulatory institution of the State Council.

Board of Directors*Directors*

The directors of a Company shall be natural persons. The directors do not need to hold shares of the Company. Directors include executive directors, non-executive directors and independent non-executive directors.

Directors shall be elected or replaced at a Shareholders' General Meeting and may be removed from office prior to the expiry of their tenure, and the tenure shall be 3 years. Upon expiry of the tenure of a director, the tenure may be renewed if he/she is re-elected. However, the continuous appointment of independent non-executive director may not exceed 6 years.

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following fiduciary obligations towards the Company:

- (1) Shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;
- (2) Shall not misappropriate the Company's funds;
- (3) Shall not deposit the Company's assets or funds into an account opened in his own name or the name of another individual;
- (4) Shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantee for others using the Company's assets without the consent of a Shareholders' General Meeting or the Board of Directors;
- (5) Shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of a Shareholders' General Meeting;
- (6) Shall not make use of powers to seek business opportunities which rightfully belong to the Company for himself/herself or others without the consent of a Shareholders' General Meeting, or engage in the same type of businesses as the Company on his own or for others;
- (7) Shall not pocket commissions of transactions with the Company;
- (8) Shall not disclose Company secrets without authorization;
- (9) Shall not make use of their relationships to compromise the interests of the Company;
- (10) Any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duty of diligence towards the Company:

- (1) Exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative

regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;

- (2) Treat all shareholders fairly;
- (3) Get a timely grasp of the status of the Company's business and management;
- (4) Issue a written confirmation the securities issue documents and regular reports of the Company to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a director cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The director may directly apply for disclosure if the Company fails to do so;
- (5) Provide the relevant information and materials to the Board of Supervisors truthfully, and shall not hinder exercise of powers by the Board of Supervisors or the supervisors;
- (6) Fulfill duties prudently according to the business decision-making principles during the business activities and defend interests of the Company and all shareholders with all efforts;
- (7) Any other duty of diligence stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Board of Directors

The Board of Directors shall comprise 8 directors, and the number of independent non-executive directors shall account for more than 1/3 of the total and shall not be less than three.

The Board of Directors shall exercise the following powers:

- (1) Convene Shareholders' General Meetings, and submit work reports to Shareholders' General Meetings;
- (2) Implement resolutions of Shareholders' General Meetings;
- (3) Decide on the Company's business plans and investment schemes;
- (4) Formulate the Company' annual budgets and final accounts;
- (5) Formulate the Company's profit distribution plan and loss offset plan;
- (6) Formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (7) Formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of Company form;
- (8) Review and approve related party transactions with transaction amount accounting for over 0.5% and below 5% of the absolute value of the Company's audited net assets of the latest period;

- (9) Review and approve the matters of purchase and sale of major assets conducted within the preceding 12 consecutive months, the amount of which accounts for over 2% and below 30% of the Company's audited net assets of the latest period;
- (10) Review and approve major transaction matters of investment of the Company to other entities (including setting the holding subsidiary of the Company, joint -stock Company, and additional investment towards the holding subsidiary, joint -stock Company, cooperative enterprise and associated enterprise), rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), entrusted wealth management, financial subsidy, the amount of which reaches the following standards:
1. The total assets involved in the transaction account for over 2% and below 50% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;
 2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited operating income in the most recent fiscal year with the absolute amount of more than RMB30 million;
 3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited net profit in the most recent fiscal year with the absolute amount of more than RMB1 million;
 4. The transaction amount (including commitment debts and expenses) accounts for over 2% and below 50% of audited net assets of the Company of the latest period with the absolute amount of more than RMB30 million;
 5. The profit generated by the transaction accounts for over 2% and below 50% of the audited net profit of the Company in the most recent fiscal year with the absolute amount of more than RMB1 million;

provided however that, where the aforesaid transactions are in the nature of financial subsidy, whatever the absolute amount is, it shall be submitted to the Board of Directors for review as required by this regulation;

- (11) Review and approve matters of external guarantees, mortgage of assets, financial derivatives (including foreign exchange hedging), investment and so forth which are out of authorization range of Shareholders' General Meeting;
- (12) Decide on setting up of working institution of Board of Directors and the Company's internal management organizations accordingly;
- (13) Appointment or dismissal of the Company's president (general manager) and the board secretary, head of the audit department, representative of the securities affairs; appointment or dismissal of senior officers such as chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth based on nomination by the president (general manager), and decide on their remuneration and incentives and penalties;

- (14) Formulate the Company's basic management rules;
- (15) Formulate plans for amendment of the Articles of Association;
- (16) Manage information disclosure by the Company;
- (17) Propose to a Shareholders' General Meeting on appointment or replacement of accounting firm which conducts audit for the Company;
- (18) Listen to the Company president (general manager)'s work reports and inspect the president (general manager)'s work performance;
- (19) Where any controlling shareholder or actual controller of the Company encroaches upon Company's assets or capitals, the Board of Directors shall apply for judiciary freeze of shares of the controlling shareholder according to laws and pay back Company's assets or capitals encroached on by the controlling shareholder by selling off Company shares of the controlling shareholder;
- (20) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (3), (5) and (6) of Article 27 of the Articles of Association;
- (21) In charge of constructing the company strategy and enterprise culture and other powers authorized by provisions of laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Material matters of the Company shall be subject to the group decision-making of the Board of Directors. Where the Chairman of the Board is authorized by the Board of Directors to exercise part of its powers during the intersessional period, the principles and specific contents of the authority shall be clearly stated. Any statutory power that is required to be exercised by the Board of Directors shall not be exercised by the Chairman of the Board or president (general manager) on its behalf through authorization.

The Board of Directors shall appoint a Chairman and a Deputy Chairman. The Deputy Chairman shall assist the Chairman in work. The Chairman and Deputy Chairman shall be elected and removed by a simple majority of directors.

The Company shall adopt a lead independent director system. The lead independent director shall be elected by more than 1/2 of the independent directors and in charge of coordinating actions of the independent directors and communicating and coordinating with non-independent directors and senior officers of the Company on behalf of the independent directors. Official powers of the lead independent director shall be stipulated in the Working System for Independent Directors.

The Chairman of the Board of Directors shall exercise the following powers and implement the following major obligations:

- (1) Chair Shareholders' General Meetings, convene and chair board meetings and urge the directors to attend the meeting of Board of Directors personally;
- (2) Actively promote formulation and improvement of each interior system of the Company, strengthen construction of the Board of Directors, promote legal governance of the Company, urge and inspect execution of the resolutions made by the Board of Directors and inform other directors of relevant information in time;

- (3) Get a timely grasp of execution of resolutions made by the Board of Directors from the president (general manager) and other senior officers and key executors;
- (4) Guarantee all directors and board secretary's rights to know, create a nice working environment for them to fulfill their powers; and do not pull back their fulfillment of powers in any way;
- (5) Chairman of the Board of Directors shall immediately urge the board secretary to fulfill his obligations for information disclosure in time after receiving report of significant matters of the listed Company;
- (6) Sign important documents of the Board of Directors;
- (7) In the event that force majeure such as extraordinarily serious natural calamities happens, the Chairman of the Board of Directors shall implement special disposition right on the Company's matters in accordance with laws and regulations as well as in conformity with the Company's interests, and report to the Board of Directors and on the Shareholders' General Meeting;
- (8) Review and approve on related party transactions with the affiliated person of which transaction amount is lower than 0.5% of the absolute value of audited net assets of the Company of the latest period;
- (9) Review and approve the matters of purchase and sale of assets, conducted within the preceding 12 consecutive months, the amount of which is less than 2% of the audited total assets of the Company of the latest period;
- (10) Review and approve transaction matters of investment of the Company to other entities (including setting a subsidiary of the Company, joint-stock Company, and making additional investment towards the subsidiary, joint-stock Company, cooperative enterprise and associated enterprise), purchase or sales of assets, rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), the amount of which reaches the following standards:
 1. The total assets involved in the transaction account for less than 2% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;
 2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited operating income in the most recent fiscal year, or the absolute amount of which is less than RMB30 million;
 3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited net profit in the most recent fiscal year, or the absolute amount of which is less than RMB1 million;
 4. The transaction amount (including the incurred debts and expenses) accounts for less than 2% of audited net assets of the Company of the latest period, or the absolute amount of which is less than RMB30 million;

5. The profit generated by the transaction accounts for less than 2% of the audited net profit of the Company in the most recent fiscal year, or the absolute amount of which is less than RMB1 million.
- (11) Decide on the candidates to be appointed or recommended as directors, supervisors or Senior officers of subsidiaries and investees of the Company;
- (12) Sign on the securities issued by the Company;
- (13) Other powers and other obligations as authorized by the Board of Directors.

The Board of Directors shall set up special committees including audit and risk management committee, strategy and investment committee, salary and assessment committee, nomination and governance committee, and formulate implementation rules for major responsibilities, resolution procedure and rules of procedure of each specialized committee, etc. Working rules of each specialized committee shall be revised and explained by the Board of Directors. The special committees shall be accountable to the Board of Directors and fulfill duties as specified in the Articles of Association and as authorized by the Board, and proposals of the committees shall be submitted to the Board of Directors for examination and decision. The Board of Directors shall be responsible for formulating the procedures governing the work of the special committees and regulate their operations.

The Board of Directors shall convene at least four regular meetings every year, convened by the Chairman of Board of Directors. The Chairman shall convene the board meetings and issue a written notice to all the directors and supervisors 14 days before the meeting is held. Meeting agenda and relevant meeting files shall be sent to all directors and supervisors three (3) days before the holding of the meeting.

Chairman of Board of Directors, shareholders who hold 1/10 or more of the voting rights, one-third or more of the directors or the Board of Supervisors may requisition for an interim board meeting. The Chairman of Board of Directors shall convene and chair a board meeting within 10 days from receipt of the requisition. In case of urgent matters, an extraordinary Board meeting may be convened if proposed by three or more directors or the president (general manager) of the Company.

The quorum of a board meeting shall be a simple majority of the directors. Unless otherwise provided in the Articles of Association, board resolutions shall be passed by a simple majority of all the directors.

When the Board of Directors resolves on matters under items (6), (7) and (15) of Article 148 of the Articles of Association as well as guarantees, the above shall be approved by more than 2/3 of directors on the board meeting as well as more than 2/3 of the independent directors.

One person one vote shall apply to voting for board resolutions. When the number of votes for and the one of votes against are equivalent, the Chairman of the Board of Directors reserves the right to vote one more, unless otherwise provided in laws, administrative regulations or the relevant rules of the place where the shares of the Company are listed.

A director who is related to an enterprise involved in a board resolution shall abstain from voting for the board resolution and shall not represent another director in exercise of voting rights. The board meeting may be held with the quorum of a simple majority of unrelated directors, and resolutions passed by the board meeting shall require a simple majority of votes of unrelated directors.

Where the number of unrelated directors present at the board meeting is less than three, the said matter shall be tabled at a Shareholders' General Meeting for deliberation.

President (general manager) and other senior officers

The Company shall establish the position of a president (general manager) to be nominated by the Nomination and Governance Committee of the Board of Directors, appointed or terminated by the Board of Directors. Chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth are based on nomination by the president (general manager), appointment and dismissal of the Board of Directors.

Senior officers of the Company include president (general manager), chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and board secretary.

The fiduciary obligations stipulated in Article 138 and the diligence obligations stipulated in items (4) to (6) of Article 139 of the Articles of Association shall also apply to senior officers. Apart from such obligations, the president (general manager) as well as other senior officers shall perform the following obligations:

- (1) Highlight and introduce motions for the Board of Directors to resolve;
- (2) Cooperate with the Board of Supervisors and independent directors to work;
- (3) Senior officers shall sign on the securities issue documents and regular reports of the Company for written confirmation in order to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a senior officer cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The senior officer may directly apply for disclosure if the Company fails to do so.

Persons who hold positions other than director, supervisor or other executive offices in the Company's controlling shareholder shall not act as the Company's senior officers. The senior officers of the controlling shareholder concurrently holding the office of the director or supervisor of the Company shall ensure that they have sufficient time and efforts to fulfill their duties with the Company.

The tenure of a president (general manager) shall be three years, renewable upon re-appointment.

The president (general manager) shall be accountable to the Board of Directors and shall exercise the following powers:

- (1) Preside over the Company's production and business management, organize implementation of board resolutions, and report to the Board of Directors on his work;
- (2) Organize implementation of the Company's annual business plans and investment plans;
- (3) Formulate the Company's plans for establishment of internal management organizations;

- (4) Formulate the Company's basic management rules;
- (5) Formulate the Company's specific rules and regulations;
- (6) Review and approve daily business contract of the Company (except matters that shall be approved by the Shareholders' General Meeting, board meeting and Chairman of Board of Directors as stipulated above);
- (7) Propose to the Board of Directors on appointment or termination of the Company's chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager);
- (8) Decide on appointment or termination of management personnel other than those whose appointment or termination is decided by the Board of Directors;
- (9) Any other powers conferred by the Articles of Association or the Board of Directors.

The president (general manager) shall be present at board meetings and non-managing director (general manager) does not have voting right at the board meeting.

Senior officers such as the Company's chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth shall be appointed or dismissed by the president (general manager) proposing to the Board of Directors, and assist the president (general manager) in work.

The Company shall appoint a board secretary who is a senior officer of the Company and shall be nominated by the Chairman of the Board and appointed and dismissed by the Board of Directors. The board secretary of Company shall be a natural person with necessary specialized knowledge and experience.

The main duties of the board secretary are as follows:

- (1) Ensure the integrity of organization files and record of the Company;
- (2) Ensure the Company prepare and hand over reports and files that are required by the authorized institution according to laws;
- (3) Ensure well setting up of the register of shareholders of the Company, and ensure the people that are authorized to get Company record and file to get them in time;
- (4) Responsible for preparation of the Company's Shareholders' General Meetings and board meetings, safekeeping of documents and administration of information of the Company's shareholders, handling information disclosure matters and investment relationship work etc.

The board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Senior management personnel who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in execution of Company duties and cause the Company to suffer losses shall be liable for compensation.

Board of supervisors*Supervisors*

Directors, president (general manager) and other senior officers shall not act as supervisor concurrently. The spouses and immediate family members of the directors and senior officers of the Company shall not serve as supervisors of the Company during the term of office of the directors and senior officers of the Company.

Supervisors shall comply with laws, administrative regulations and the Articles of Association, perform supervision duties, and bear fiduciary obligations and diligence obligations towards the Company, shall not make use of powers to accept bribes or other illegal income, and shall not encroach upon the Company's assets.

The tenure of a supervisor shall be three years, renewable upon re-appointment.

The supervisors shall ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a supervisor cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The supervisor may directly apply for disclosure if the Company fails to do so.

The supervisors shall have the right to be present at board meetings and make inquiries or proposals pertaining to board resolutions.

The supervisors shall not make use of their relationships to harm the interests of the Company; where the Company suffers losses thereto, the supervisors shall be liable for compensation. The Company shall take effective measures to protect the supervisors' right to know and provide necessary assistance for the supervisors to perform their duties, and no one shall interfere with or obstruct it.

The supervisors who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in performing duties and cause the Company to suffer losses shall be liable for compensation.

Board of supervisors

The Company shall establish a Board of Supervisors. The Board of Supervisors shall comprise 3 supervisors with a Chairman. The appointment and termination of the Chairman shall be elected by more than 2/3 of all the supervisors.

The Chairman of the Board of Supervisors shall convene and chair meetings of the Board of Supervisors; where the Chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor shall be elected by a simple majority of the supervisors to convene and chair meetings of the Board of Supervisors.

The Board of Supervisors shall include shareholder representatives, external supervisors and an appropriate percentage of employee representatives, out of which, the ratio of employee representatives shall not be less than one-third. External supervisors in the Board of Supervisors refer to supervisors that are appointed as supervisors other than shareholder representatives and internal supervisors. The

shareholder representatives shall be nominated from shareholders who hold 3% or more of the Company's shares individually or in aggregate; external supervisors shall be nominated on the Board of Supervisors, elected or replaced by Shareholders' General Meeting; and employee representative supervisors shall be elected and removed on the employee representative congress or employee congress or in any other democratic form.

The Board of Supervisors shall be accountable to the Shareholders' General Meeting and exercise the following powers:

- (1) Examine securities issuance documents and regular reports prepared by the Board of Directors and issue written examination opinions, which shall be confirmed in writing through signature of supervisors;
- (2) Inspect the financial affairs of the Company:
 1. Review the Company's financial report and financial statement; review quarterly, interim and year-end financial reports of the Company upon veracity, accuracy and integrity principles; and the Company shall submit one copy to the Board of Supervisors within 10 days after the financial report is available.
 2. Review financial position of the Company at any time, check financial accounting materials and other files related to the Company's finance, and ask for relevant files and data;
 3. Check development of financial management of the Company, and verify veracity and legality of financial accounting report of the Company;
 4. Verify financial files such as financial report, business report, profit allocation plan, etc. that are proposed to be submitted to the Shareholders' General Meeting. Regarding any question, the Board of Supervisors may entrust the certified public accountant and certified auditor to review in the name of Company.
- (3) To supervise the actions of the directors and senior officers of performing the corporate functions, and to present proposal to remove any directors and senior officers who violate laws, regulations, the Articles of Association, or resolutions of Shareholders' General Meeting;
- (4) When the acts of any director or senior officer compromise the interests of the Company, the situation shall be timely reported to the Board of Directors and the Board of Supervisors, who ask the director or senior officer to correct their deeds;
- (5) The independent directors shall be supervised on their duty performance, with full attention paid to whether they have sustained independence that is due, whether they have sufficient time and energy to effectively perform their duty, and whether in duty performance they are under improper influence of principal shareholders, real controllers, or non-independent directors, supervisors, or senior officers of the listed Company;
- (6) The special committees of the Board of Directors shall be supervised on their duty performance, with a view to check whether the members of the special committees of the Board of Directors perform duty according to their rules of procedure;
- (7) Propose to hold extraordinary General Meeting, and convene and chair Shareholders' General Meeting when the Board of Directors does not perform the duty of convening and chairing Shareholders' General Meeting as prescribed by the Company Law;

- (8) Make proposals to the Shareholders' General Meeting;
- (9) Deal with the directors or senior officers on behalf of the Company or file a lawsuit against the directors or senior officers in accordance with the stipulations of Article 151 of the Company Law;
- (10) Key monitoring is made to assets quality of the Company and such economic deeds as financing, investment, guarantee, pledge, transfer, purchase, and merger in corporate operation which involve major sums, and investigation is made once abnormality is founded in corporate operation; if necessary, such special institutions as accountant firms and law firms may be hired to assist the work, with the fees borne by the Company;
- (11) Other powers conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The Board of Supervisors shall meet at least once in every 6 months, which shall be convened by the chairman of the Board of Supervisors. A supervisor may propose an extraordinary meeting of the Board of Supervisors. The Board of Supervisors may request directors, senior officers and internal and external auditors to be present at and answer questions at the meetings of the Board of Supervisors.

Voting of the Board of Supervisors is exercised with one person one vote; a resolution of the Board of Supervisors shall be passed by voting of more than 2/3 of the members of the Board of Supervisors.

The Board of Supervisors shall cause minutes to be prepared on all resolutions adopted at the meeting and signed by the supervisors attending the meeting.

The supervisors have the right to require that there be description records on the meeting minutes of their speech on the meeting. The meeting minutes of the Board of Directors shall be preserved as the corporate file for at least 10 years.

The qualifications and obligations of the directors, supervisors, and senior officers of the Company

In one of the following cases, a person is not allowed to fill the position of director, supervisor, president (general manager), or other senior officers:

- (1) Have no capacity for civil conduct or limited capacity for civil conduct;
- (2) Be subject to criminal penalty due to corruption, bribery, embezzlement of property, appropriation of property, or destroying socialist market economy order and less than five years have passed after the expiration of the execution period, or be deprived of political rights due to crime, and less than five years have passed after expiration of the execution period;
- (3) Act as director, factory chief, president (general manager) of a company or enterprise which is subject to bankruptcy liquidation due to improper operation and management, and bear personal liability for the bankruptcy of the company or enterprise, and less than 3 years have passed after the date when the bankruptcy liquidation of the company or enterprise is finished;

- (4) Act as a legal representative of a company or enterprise that has its license revoked or is ordered to close down due to law breaking and bear personal liability for it, and less than 3 years have passed after the date when the company or enterprise has its license revoked;
- (5) An individual who bears liability of large sum which is not paid off after expiration;
- (6) Be under the investigation of judiciary body due to breaking criminal law, and the case has not been settled;
- (7) May not act as leader of an enterprise due to stipulations of law or regulations;
- (8) Not being natural person;
- (9) Be under the penalty of China Securities Regulatory Commission that securities market entry is forbidden, and the time limit has not been reached;
- (10) Be ruled by related charging body to have broken the stipulations of related securities regulations, and fraud or dishonest deeds are involved, and less than five years have passed after the ruling date;
- (11) Other content stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed.

If election or appointment of a director is conducted breaking stipulations of this article, this election, appointment, or recruitment are ineffective. If the case of this article occurs to a director in his tenure, he shall be removed from his position by the Company.

The effectiveness to a third party acting in good faith of a director, president (general manager), and other senior officers representing the deeds of the Company shall not be affected by his any non-compliance deeds in terms of its office holding, election, or qualifications.

Beside the obligations that are required by law, regulations, or the listing rules of the stock exchange on which the shares of the Company are listed, in performing the rights and duties conferred upon them by the Company, a director, supervisor, president (general manager), and other senior officers shall bear the following obligations for each shareholder:

- (1) Not making the Company exceed the operation scope prescribed by the business license;
- (2) Acting for the largest interests of the Company in honesty;
- (3) No depriving the Company of its property in any form, including (but not limited to) the opportunities that are favorable to the Company;
- (4) Not depriving the shareholders of their individual rights and interests, including (but not limited to) distribution rights and voting rights, but not including corporate reorganization passed by the Shareholders' General Meeting in accordance with the Articles of Association.

A director, supervisor, or president (general manager) and other senior officers of the Company have the responsibility to demonstrate discretion, diligence, and technique in similar cases acting as a reasonably prudent person when performing his rights or fulfilling his obligations.

In performing duties, a director, supervisor, president (general manager) and other senior officers of the Company must comply with the principle of honesty, and shall not put himself in a

situation which is in conflict with its own interests and obligations. This principle includes (but not limited to) the following obligations:

- (1) Acting for the best interests of the Company in good faith;
- (2) To exercise power within the jurisdiction and not act beyond the scope of authority;
- (3) To exercise in person the discretion conferred on him, and be subject to manipulation of no others; not transfer his discretion to other persons unless permitted by laws and regulations or obtaining informed consent from the Shareholders' General Meeting;
- (4) To show equality to shareholders of the same type, and exercise equity to shareholders of different types;
- (5) Not to sign contract, transaction, or arrangement with the Company unless otherwise specified in the Articles of Association or obtaining informed approval from the Shareholders' General Meeting;
- (6) Not to seek interests of himself with the property of the Company in any form without the informed consent of the Shareholders' General Meeting;
- (7) Not to seek bribery or other unlawful income with his power, and not to encroach upon the property of the Company in any form, including (but not limited to) the opportunities favorable to the Company;
- (8) Not to accept commission related to the transaction of the Company without the informed consent of the Shareholders' General Meeting;
- (9) To obey the Articles of Association, faithfully perform its duties, safeguard the interests of the Company, and not seek personal interests with his position and power in the Company;
- (10) Not to compete in any form with the Company without the informed consent of the Shareholders' General Meeting;
- (11) Not to appropriate the funds of the Company or lend them to others, not to open accounts to deposit the funds the Company in personal name or other names, and not to provide guarantee for the shareholders or other individuals in terms of debts with the funds of the Company;
- (12) Not to disclose the confidential information related to the Company that he obtained when in office without informed consent of the Shareholders' General Meeting; not to utilize this information unless he serves the interests of the Company; but in the following cases he may disclose the information to the court of law or other government bodies:
 1. There are stipulations of law;
 2. There are requirements from the interests of the general public;
 3. There are requirements from the lawful interests of the directors, supervisors, president (general manager) and other senior officers.

The directors, supervisors, president (general manager), and other senior officers of the Company shall not incite the following persons or bodies (the "related persons") to do things that they are not allowed to do:

- (1) Spouse or under-aged children of any director, supervisor, president (general manager) and other senior officer of the Company;

- (2) The trustee of any director, supervisor, president (general manager) and other senior officer or any person described in item (1);
- (3) The partners of any director, supervisor, president (general manager) and other senior officer or any person described in items (1) and (2);
- (4) The company that is de facto solely controlled by the director, supervisor, president (general manager) or other senior officers of the Company, or the company that is de facto jointly controlled by them with the staff mentioned in items (1), (2) and (3) or other directors, supervisors, president (general manager) and other senior officers of the Company;
- (5) The directors, supervisors, president (general managers) and other senior officers of the controlled company mentioned in item (4).

The duty of good faith borne by the directors, supervisors, president (general manager) and other senior officers of the Company does not necessarily end with the close of his tenure, and his duty of keeping the commercial secret of the Company is still effective after the close of its tenure. The duration of other duties shall be decided upon following the principle of equity, as depend upon the duration from incidence occurrence to office leaving, and in what cases and conditions the relationship with the Company ends.

The liability of a director, supervisor, president (general manager) and other senior officer in breaking a particular obligation may be released with the informed consent of the Shareholders' General Meeting, except for the circumstances stipulated in Article 63 of the Articles of Association.

When any director, supervisor, president (general manager) and other senior officer of the Company has direct or indirect interest relationship with the contract, transaction, or arrangement that is signed or proposed by the Company (except the recruitment contract between the Company and that director, supervisor, president (general manager) and other senior officer), whether the related items need to be approved by the Board of Directors in normal conditions, the nature and degree of the interest relationship shall be disclosed to the Board of Directors as soon as possible.

Save for the exception cases approved by note 1 of the Appendix 3 of the Hong Kong Listing Rules or Hong Kong Stock Exchange, a director shall not vote on the resolutions of the Board of Directors on major contracts, transactions, or arrangements or any other relevant proposals in which he or any of his close associate has major rights or interests (as defined in the applicable the Hong Kong Listing Rules then in effect), and shall not be counted in the quorum of the meeting either. If related contract, transaction, arrangement or suggestion involves connected transaction stipulated by the Hong Kong Listing Rules, the "close associate" described by the paragraph shall be changed to "associate" (as defined in the applicable the Hong Kong Listing Rules then in effect).

The Company shall not pay tax in any way for its directors, supervisors, president (general manager) and other senior officers.

The Company shall not directly or indirectly provide loan and loan guarantee for the directors, supervisors, president (general manager) and other senior officers of the Company and its parent company; and it shall not either provide loan or loan guarantee for related persons of the above-mentioned persons.

The stipulations of the preceding paragraph do not apply to the following cases:

- (1) The Company provides loan or loan guarantee for its subsidiary Company;
- (2) According to the recruitment contracts approved by the Shareholders' General Meeting the Company provides loan or loan guarantee or other funds for its directors, supervisors, president (general manager) of other senior officers in order that he pays expenses for the sake of the Company or performs his duties in the Company.
- (3) If the normal business scope of the Company includes loan and loan guarantee, the Company may provide loan and loan guarantee for its related directors, supervisors, president (general manager) and other senior officers and their related persons, but the loan and loan guarantee shall be based upon the normal business conditions.

In case that the Company breaks the above-mentioned stipulations to provide loan, whatever the loan conditions, the money receivers shall immediately pay back.

In case that the Company breaks the stipulations in Article 211(1) to provide loan guarantee, it shall not be compelled to execute the guarantee, except for, subject to the prevailing laws, regulations and other rules, the following instances:

- (1) When the loan is provided for the related persons of the directors, supervisors, president (general manager) and other senior officers of the Company or its parent company, the loan providers are not informed;
- (2) The guaranty provided by the Company has been lawfully sold by the loan provider to the purchaser in good faith.

The guarantee described by the preceding paragraph includes the deeds where the guarantor bears liability or provides property to ensure the obligor performs obligations.

When the directors, supervisors, president (general manager) and other senior officers of the Company break the obligations that they bear for the Company, beside all rights and remedy measures stipulated by law and regulations, the Company has the right to take the following measures:

- (1) To require the directors, supervisors, president (general manager) or other senior officers to compensate for the loss they caused for the Company due to their dereliction of duty;
- (2) To revoke any contracts or transactions signed by the Company and related directors, supervisors, president (general manager) and other senior officers, and the contracts or transactions signed by the Company and a third party (if the third party clearly knows or should have known that the directors, supervisors, president (general manager) and other senior officers break their due obligations to the Company);
- (3) To require that the directors, supervisors, president (general manager) and other senior officers to surrender the interests gained in breaking the due obligations;
- (4) To recover the funds that should be charged by the Company but received by the directors, supervisors, president (general manager) and other senior officers, including (but not limited to) commission;
- (5) To require the directors, supervisors, president (general manager) and other senior officers to return the interests that are obtained or possibly obtained by utilizing the funds that should have been surrendered to the Company.

The Company shall sign written contracts with the directors and supervisors of the Company concerning remuneration matters upon prior approval by the Shareholders' General Meeting.

Financial and accounting rules, profit distribution, and auditing

Financial and accounting rules

Within 4 months from the closing date of an accounting year the Company submits to China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the annual financial and accounting statements, and within 2 months from the closing date of the first 6 months of an accounting year submits to the sending bodies of China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the semi-year financial and accounting statements, and within 1 month from the closing date of the first 3 months and the first 9 months of an accounting year submits to the sending bodies of China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the quarterly financial and accounting statements.

The above-mentioned financial and accounting statements are compiled in accordance with stipulations of law, regulations, and departmental rules.

On each annual meeting of the shareholders the Board of Directors of the Company shall submit the financial statements that are compiled in accordance with the stipulations of law, regulations, and normative documents issued by local governments and the competent bodies.

The financial statements of the Company shall be prepared in the Company for reference and reading by the shareholders 20 days before the annual meeting of the shareholders. Each shareholder of the Company has the right to get the financial statements mentioned in this section.

The financial statements of the Company shall be compiled not only in accordance with Chinese accounting standard and related regulations, but in accordance with the international accounting standard or the accounting standard of the foreign listing place. If there is discrepancy between the financial statements that are compiled in accordance with two accounting standards, indication shall be made in the notes to the financial statements. In distributing the after-tax profits of related accounting year, the Company shall adopt the lower amount of after-tax profits in both sets of financial statements.

Capital reserve includes the following items:

- (1) The premium money that is obtained when the stock par value is exceeded in issuance;
- (2) Other income that shall be listed in the capital reserve according to the stipulation of the competent financial authority of the State Council.

When distributing the after-tax profits of a year, the Company shall set aside 10% of the profits to the statutory reserve of the Company, until that the total statutory reserve of the Company reaches 50% of the registered capital of the Company.

In case that the statutory reserve of the Company is not enough to make up for the losses of previous years, before the statutory reserve is set aside according to the stipulation of the preceding paragraph, the profits of the current year shall be first used to make up the losses.

After statutory reserve is set aside from the after-tax profits, the Company, upon resolution of the Shareholders' General Meeting, can set aside surplus reserve from the after-tax profits.

The after-tax profits that are left over after loss making up and reserve extraction are distributed according to the share proportion of the shareholders, except where the Articles of Association stipulate that profits distribution is not conducted according to shareholding proportion.

Where the Shareholders' General Meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

The reserve of the Company is used to make up for the loss of the Company, expand the production and operation of the Company, or add to the corporate capital. But capital reserve shall not be used to make up for the loss of the Company.

When the statutory reserve is converted to capital, the retained reserve will not be less than 25% of the registered capital of the Company before conversion.

The Company pursues a proactive profit distribution policy, and strictly conforms to the following stipulations:

- (1) Profit distribution principle: the Company pursues a sustainable and steady profit distribution policy, and in profit distribution of the Company the reasonable investment return of the investors shall be paid attention to, as well as the reasonable funds need of the Company, but profit distribution shall not exceed the scope of the accumulated profit total of the Company for distribution, not compromising the sustainable operation capacity of the Company.
- (2) Profit distribution form: the Company can use the forms of cash, stock, or cash-stock combination to distribute the share dividend. In distributing share dividend, the form of cash distribution shall be put in priority. The Company, if having cash dividend conditions, shall use cash dividend to distribute the profits.
- (3) Generally, the Company distributes the profits according to accounting year, and when the cash dividend conditions are met, in principle the Company conduct cash dividend once a year, and can also do mid-term profits (cash) distribution according to the funds demand condition of the Company.
- (4) In distributing cash dividend, the Company shall meet the following conditions:
 1. The profits that can be distributed in the current year (namely the after-tax profit after the Company makes up for the loss and sets aside reserve) is positive value, the earning per share of the year is not below RMB0.1, cash flow is sufficient, and cash dividend will not affect the follow-up sustainable operation of the Company;
 2. The auditor produces auditing report without reserved opinions for the financial statement of the current year of the Company;
 3. The Company has no major investment plan or major cash outlay or other matters (except funds raising projects). Major investment plan or major cash outlay means:

during the coming twelve months the Company's total outlay that is used for external investment, assets purchase, or equipment purchase reaches or exceeds 30% of the audited total assets of the Company for the latest period, and exceeds RMB50 million.

(5) Cash dividend proportion:

When the above-mentioned cash dividend conditions are met, the Board of Directors of the Company shall comprehensively consider the sector characteristics, its development phase, its operation mode, profit-making level, and whether there are major funds outlay arrangements, etc., and in pursuing the cash dividend policy the following stipulations shall be complied with:

1. Determination of the corporate development phase and the proportion of cash dividend.

(1) In case the corporate development phase is a mature one and there are no major funds outlay arrangements, in profit distribution the minimum proportion that the cash dividend takes shall reach 80%; (2) in case the corporate development phase is a mature one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 40%; (3) in case the corporate development phase is a growing one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%;

In case the corporate development phase is not distinguishable and there are major funds outlay arrangements, issues can be handled according to stipulation of the preceding paragraph.

In view of the fact that the current corporate development phase is a growing one and it is expected that there will be major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%.

The Board of Directors of the Company shall, according to the operation and development conditions, timely modify the stipulation on the corporate development phase following the prescription of the preceding paragraph.

2. When the profit distribution conditions are met, the Company shall have at least one cash dividend distribution for a succession of three years, and the specific distribution proportion shall be set by the Board of Directors according to the operation conditions of the Company and related prescriptions of Chinese Securities Regulatory Commission, and decided upon the deliberation of the Shareholders' General Meeting;
3. The total profit distributed in cash form during the last three years shall not be less than 30% of the year-average profit that can be distributed during the latest three years.

Where the Company adopts a tender offer or the centralized bidding method to repurchase its shares using cash as consideration, the amount of shares repurchased in the current year shall be deemed as the amount of cash dividends to be paid and shall be included in the calculation of relevant proportions for the distribution of cash dividends for the year.

- (6) When the Company is in sound operation, the Board of Directors decides that the share price of the Company does not match its the equity scale, there are such real and reasonable factors as the growing pattern of the Company and dilution of net asset value per share, issuing stock dividend is good to the overall interest of the shareholders of the Company, and under the conditions that the above-mentioned cash dividend stipulations are met, stock dividend distribution plan can be raised.
- (7) In deciding upon and forming profit distribution plan, the Board of Directors shall in details record the suggestion of the management, the speech key points of the attending directors, the opinions of independent directors, and voting of the Board of Directors, and make them into written records to be preserved as the documents of the Company.
- (8) In case after comprehensively considering the major changes of exterior operation environment or its running conditions, the long-term development strategy of the Company and near-term investment return, the Company decides there is a need to adjust or change the cash dividend policies, the Board of Directors shall, starting from optimization of shareholder rights and interests and increasing of shareholder return, devise the specific programs of cash dividend, elaborate upon them in proposals of the shareholders meeting, perform related decision making procedures, and adopt them with more than 2/3 of the voting power of the shareholders attending the meeting.

The Company shall commission collecting agents for the shareholders who hold the shares of the company that is listed overseas. The collecting agents shall collect dividends derived from the overseas listed foreign shares and other payable payments of the Company on behalf of relevant shareholders.

The collecting agents commissioned by the Company shall comply with requirements specified in relevant provisions of local laws of the place at where the Company is listed or relevant regulations of the stock exchange.

The collecting agent appointed by the Company for holders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Internal Audit

The Company implements an internal audit system. It engages at least 3 full-time audit personnel to supervise and inspect the authenticity and integrity of the financial information of the Company. The head of the audit department of the Company shall be a full-time employee and shall be nominated by the Audit and Risk Management Committee and appointed by the Board of Directors.

The internal audit system and the responsibilities of the audit personnel of the Company shall take effect upon approval by the Board of Directors. The head of audit is accountable to and reports directly to the Board of Directors.

Appointment of Accounting Firm

The Company shall engage independent accounting firms complying with relevant national regulations and granted with the “qualification to engage in businesses related with securities” to audit financial statements, verify net assets and provide other related consulting services, etc. The term of appointment is one year, which starts from the ending of the annual Shareholders’ General Meeting of

this year to the ending of the annual Shareholders' General Meeting of the next year. The term is renewable.

The accounting firms commissioned by the Company shall be decided by the Shareholders' General Meeting and the Board of Directors shall not engage any accounting firm before the decision is made by the Shareholders' General Meeting.

The Shareholders' General Meeting shall comply with the following regulations when it proposes to appoint a non-incumbent accounting firm to fill in the vacancy of accounting firm by adoption of resolutions or renew the appointment of an accounting firm engaged by the Board of Directors to fill in the vacancy or dismiss an accounting firm of which the term of appointment is not expired:

- (1) The appointment or dismissal proposals shall, prior to the notice of the Shareholders' General Meeting is issued, be sent to the accounting firm proposed to take office or leave office or already leaving office in relevant accounting year.

Leaving office include dismissal, discharging and resignation.

- (2) Where an accounting firm about to leave office makes any written representation and requires the Company to notify the shareholders with such representation, the Company shall take the following measures unless it receives the written representation overly late:
 1. Indicate the representation made by the accounting firm about to leave office on the notice issued for the purpose of the resolution;
 2. Attach the copy of the representation as an attachment of the notice and send it, in the form as prescribed in the Articles of Association, to every shareholder who is entitled to receive the notice of the Shareholders' General Meeting.
- (3) Where the Company fails to send the representation made by such accounting firm in accordance with the provision of item (2) of this paragraph, the accounting firm may require that the statement to be read out on the Shareholders' General Meeting and make further appeal.
- (4) The accounting firm leaving office is entitled to attend the following meetings:
 1. The Shareholders' General Meeting for the expiration of its term of appointment;
 2. The Shareholders' General Meeting for filling the vacancy arising out of its dismissal; and
 3. The Shareholders' General Meeting convened due to its request for resignation.

The accounting firm leaving office is entitled to receive all notices about the above meetings and other information related with the meetings and make statements on the above meetings on issues related with its identity as the former accounting firm of the Company.

If the position of accounting firm is available, the Board of Directors may, prior to the commencement of the Shareholders' General Meeting, assign an accounting firm to fill in such vacancy. However, during the period of vacancy, if there is still any other incumbent accounting firm of the Company, such accounting firm shall still perform its duties.

Regardless of the provisions specified in the clauses of the contract signed by the accounting firm and the Company, the Shareholders' General Meeting may, before the term of appointment of any

accounting firm is expired, dismiss such accounting firm by passing ordinary resolutions or decisions. Where any accounting firm has the right to claim compensation from the Company due to such dismissal, such right shall not be affected thereby.

The remuneration of the accounting firm or the method of deciding the remuneration shall be determined by the Shareholders' General Meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be determined by the Board of Directors.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the Shareholders' General Meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm proposing to resign shall state at a Shareholders' General Meeting whether the Company has committed any improper act.

An accounting firm may resign its position by sending the written notice of resignation to the legal address of the Company. The notice shall take effect on the day when the notice is placed at the legal address of the Company or on a day thereafter indicated on the notice. This notice shall include the following statements:

- (1) Statement declaring that its resignation does not involve any condition about which it shall make explanation to the shareholders or debtors of the Company; or
- (2) Statement involving any such condition in need of explanation.

The Company shall, within 14 days after receiving the written notice mentioned in the former paragraph, send a copy of such notice to relevant competent authority. If the notice indicates the statement mentioned in item (2) of the former paragraph, the Company shall prepare a copy of the statement in the Company for the shareholders for reference. The Company shall also send a copy of such statement to every shareholder who is entitled to receive the financial statements of the Company and for the addresses of the recipients, it shall refer to the addresses recorded on the register of shareholders.

Where the resignation notice of the accounting firm includes the statement mentioned in item (2), paragraph 3 of this Article, the accounting firm may require the Board of Directors to convene an extraordinary general meeting to hear its explanation of conditions related with its resignation.

Notices and Announcements

Notices

A notice of the Company shall be made in the following forms:

- (1) Delivery by hand;
- (2) Mails;
- (3) Announcements (including publication on the designated website stipulated in the rules of the stock exchange on which the shares of the Company are listed and the website of the Company); or
- (4) Any other form stipulated in the Articles of Association.

For the method of providing and/or distributing Company communication to the shareholders by the Company in line with the requirements of the Hong Kong Listing Rules, subject to the laws, regulations and the relevant listing rules of the place where the shares of the Company are listed, the Company may send or provide Company communication to the shareholders of the Company via electronic ways or by posting information on the website of this Company.

The corporate communications in the preceding paragraph refer to any documents sent or to be sent by the Company to any shareholders of the overseas listed foreign shares of the Company which are listed on the Hong Kong Stock Exchange or any other persons required under the Hong Kong Listing Rules for reference or for them to take actions, which include but are not limited to: circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other corporate communications listed in the Hong Kong Listing Rules.

Where a Company notice is delivered by hand, the recipient shall sign (or seal) on the receipt of delivery and the day of delivery shall be the day of signature affixed by the recipient. Where a Company notice is mailed, the day of delivery shall be the third working day since the day when the notice is handed over to the post office. Where a Company notice is given via e-mail, the date on which the e-mail is sent shall be deemed as the date of delivery. However, the Company shall inform the recipient by telephone or other means of communication on the date on which the e-mail is sent. Where a Company notice is announced, the day of delivery shall be the day when the first announcement is published.

Where a meeting notice is not sent to a person who is entitled to receive such notice due to accidental omission or such person fails to receive the meeting notice, the meeting and the resolutions made on such meeting shall not be null and void therefore.

Merger, Division, Increase in Capital, Capital Reduction, Dissolution and Liquidation

Merger, Division, Increase in Capital and Capital Reduction

A merger may be in the form of merger by absorption or merger by establishment of a new company.

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

In the event of merger or division, the merger parties shall enter into a merger agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on merger, and make an announcement on newspapers for at least three times within 30 days. Creditors may require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

Upon merger, the creditor's rights and debts of the merger parties shall be succeeded by the Company which subsists after the merger or the newly-established Company.

In the event of division, assets of the Company shall be divided correspondingly.

In the event of a division, the division-related parties shall enter into a division agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on division, and make an announcement on newspapers for at least three times within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division Company, except where the written agreement between the Company and its creditors on repayment of debts prior to the division stipulates otherwise.

A company which intends to reduce its registered capital shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within 10 days from passing of the resolution on reduction of registered capital, and make an announcement on newspapers for at least three times within 30 days. Creditors have the right to require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

The reduced registered capital of a Company shall not be lower than the minimum statutory amount.

Dissolution and Liquidation

A Company shall be dissolved in accordance with laws and regulations in case of any of the following circumstances:

- (1) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (2) A Shareholders' General Meeting has resolved on dissolution of the Company;
- (3) As required by merger or division;
- (4) Declared as bankrupt since the Company is unable to pay off its debts due;
- (5) The Company's business license is canceled pursuant to the law, or the Company is ordered to be closed down or revoked pursuant to the law; or
- (6) When the Company has serious difficulties in its business management and its subsistence will cause serious damages to the interests of its shareholders, where the Company is unable to resolve the difficulties through any other means, the shareholders who hold 10% or more of the share voting rights of the Company may apply to a People's Court for dissolution of the Company.

Under the circumstances set out in item (1) of the above article, a Company may subsist through amendment of the Articles of Association, which shall be passed by shareholders who hold more than 2/3 of the voting rights present at the Shareholders' General Meeting; Where the Company is dissolved due to the provision of items (1), (2), (5) and (6) of the preceding paragraph, a liquidation team shall be set up within 15 days and the members of the liquidation team shall be determined via ordinary resolution made by the Shareholders' General Meeting.

Where the Company is dissolved due to the provision of item (4) of the preceding paragraph, the People's Court shall, in accordance with laws, organize shareholders, relevant institutions and professionals to set up a liquidation team for liquidation.

Where the Company is dissolved due to the provision of item (5) of the preceding paragraph, the relevant authorities shall organize shareholders, relevant institutions and professionals to set up a liquidation team for liquidation.

In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

Where the Company is liquidated upon decisions of the Board of Directors (except liquidation due to declaration of the Company on insolvency), a statement stating that the Board of Directors have carried out comprehensive investigation on the status of the Company and believes that the Company is able to pay off the debts of the Company within 12 months after the commencement of liquidation shall be included in the notice issued for convening the Shareholders' General Meeting for the purpose of such liquidation.

After the resolution on liquidation is adopted by the Shareholders' General Meeting, the duties and powers of the Board of Directors are terminated immediately.

The liquidation team shall, conforming to the instruction of the Shareholders' General Meeting, report the revenue and expenditure of the liquidation team and progress of Company businesses and liquidation to the Shareholders' General Meeting annually and make the final report to the Shareholders' General Meeting when the liquidation is completed.

The liquidation team shall exercise the following duties during the liquidation period:

- (1) To liquidate the Company's assets and prepare balance sheet and assets inventory;
- (2) To notify creditors and publish announcement;
- (3) To handle outstanding businesses related to liquidation;
- (4) To settle all taxes in arrears and taxes arising in the course of liquidation;
- (5) To liquidate creditor's rights and debts;
- (6) To dispose of the Company's surplus assets after the debts are paid off;
- (7) To attend civil lawsuits on behalf of the Company.

The liquidation team shall, within 10 days from its establishment, notify the creditors, and make an announcement on newspapers for at least three times within 60 days. The creditors shall declare their creditor's rights to the liquidation team within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide proof materials. The liquidation team shall register the creditor's rights.

During the period for declaration of creditor's rights, the liquidation team shall not make repayment to creditors.

Upon sorting of the Company's assets and formulation of balance sheet and inventory list for assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' General Meeting or the relevant competent authority or a People's Court for confirmation.

The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts; the residual assets thereafter shall be distributed in accordance with the shareholding type and percentage of the shareholders.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

Upon sorting of the Company's assets and formulation of balance sheet and inventory list of assets, where the liquidation team is aware that the Company's assets are inadequate for repayment of debts, the liquidation team shall apply with a People's Court for declaration of bankruptcy.

Upon declaration of the Company's bankruptcy pursuant to the ruling of a People's Court, the liquidation team shall hand over the liquidation matters to the People's Court.

Upon completion of liquidation, the liquidation team shall formulate a liquidation report and income & expenditure statements and financial statements during the period of liquidation and, upon verification by a Chinese Certified Public Accountant, report to the Shareholders' General Meeting or the relevant competent authority or People's Court for confirmation, and within 30 days after the day of confirmation by the Shareholders' General Meeting or the relevant competent authority or People's Court, report to the Company registration authority to apply for deregistration and announce the termination of the Company.

Amendments to the Articles of Associations

The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association. Under any of the following circumstances, the Company shall amend the Articles of Association:

- (1) Following revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;
- (2) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association; or
- (3) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

Where the approval from the competent authority is required for the amendments to the Articles of Association passed by the Shareholders' General Meetings, such amendments shall be submitted to the competent authority for approval. Where an amendment to the Articles of Association involves content of the Mandatory Provisions, such amendment shall be approved by approval department authorized by the State Council and securities supervising organizations of the State Council before such amendment takes effect; where an amendment to the Articles of Association involves the Company's registration particulars, change registration formalities shall be completed pursuant to the law.

The Board of Directors shall amend the Articles of Association pursuant to the resolution of the Shareholders' General Meeting on amendment of Articles of Association and the examination and approval opinion of the authorities in charge.

If any amendment to the Articles of Association contains information required to be disclosed by laws and regulations, an announcement shall be made pursuant to the provisions.

Settlement of Disputes

The Company shall comply with the following principles for settlement of disputes:

- (1) For all disputes or claims in connection with the Company's affairs arising between the shareholders of the overseas listed foreign shares and the directors, supervisors and senior officers of the Company, and between shareholders of foreign-funded shares and Chinese-funded shares with respect to the rights and obligations specified in these Article of Associations, contracts concluded in accordance with the Articles of Associations, the Company Law, and other pertinent laws and administrative regulations, the parties concerned shall submit such disputes or claims for settlement by arbitration.

When submitted for arbitration, the above disputes or claims shall be the entirety of the claims or entirety of the disputes. All persons with cause of action for the same origin of particulars or all necessary participants to such disputes or claims, if they are the Company or the shareholders, directors, supervisors, or senior officers of the Company, shall obey the arbitration.

Disputes concerning the definition of shareholders and the register of shareholders are not required to be settled by arbitration.

- (2) Arbitration applicants may select China International Economic and Trade Arbitration Commission to carry out the arbitration in accordance with its arbitration rules or choose Hong Kong International Arbitration Center to carry out the arbitration in accordance with its securities arbitration rules.

After an arbitration applicant submit a dispute or claim for arbitration, the other party must accept arbitration at the arbitration organization chosen by the applicant.

If an arbitration applicant chooses Hong Kong International Arbitration Center for arbitration, either party to such dispute or claim may require arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Center.

- (3) The arbitration proceedings in connection with any dispute or claim specified in item (1) shall be governed by the laws of the People's Republic of China, unless otherwise specified in laws and administrative regulations.
- (4) The arbitration award issued by the arbitration institution shall be final and binding upon each party to the dispute or claim.
- (5) For any agreement reached between directors or senior officers with the Company, the Company shall represent itself and each of its shareholders.
- (6) Any submitted arbitration shall be deemed as authorizing the arbitral tribunal to carry out public hearing and announce the arbitration award (Where there are special provisions in laws, regulations and the Articles of Association, such provisions shall prevail).